



BURLINGTON
ELECTRIC
DEPARTMENT



February 22, 2019

Dear Transportation Committee Members:

Vermont Public Power Supply Authority (VPPSA), Burlington Electric Department (BED), and Stowe Electric Department (Stowe) are interested in the discussions around de-regulating electric vehicle (EV) charging, and potentially taxing EV charging, that are taking place this legislative session. These discussions will have significant implications for utility billing and rate setting. VPPSA, BED, and Stowe represent all of Vermont's municipal electric utilities and provide the following comments for consideration.

As non-profit, municipal electric utilities committed to serving customers in a sustainable, equitable, and least-cost manner, we are all dedicated to supporting EVs and charging station deployment. We offer EV rebates and have, in some cases, already invested in public charging stations in our service territories. We are also participating in the Public Utility Commission proceeding around EV charging and have offered comments in that forum. With that in mind, we do have concerns with several concepts under discussion and want to share them with you as you craft potential legislation related to EV charging:

- 1) **Deregulated Private Charging Stations Should Not Be Allowed to Net Meter** - Deregulated third-party charging station owners should not be allowed to net meter. Under Vermont's net metering program, utilities, and through them ratepayers, pay a premium rate for net metered generation. If for-profit, unregulated private charging stations were allowed to net meter, they could uniquely be in a position to receive above-market compensation for generation and turn around and sell kilowatt hours (kWh) at an unregulated price that would put ratepayers in the position of funding a favorable arbitrage for third-party business ventures. This could also have the effect of undermining the value of existing ratepayer-funded investments in public charging stations in our service territories. Allowing an entity to both generate and sell electricity, while not being regulated as a utility, is not beneficial for ratepayers.

Should the Legislature determine that Vermonters will be best served through market competition for EV charging services, those unregulated entities should not be permitted to take advantage of ratepayer subsidies for electric generation under the net metering program.

- 2) **Provide for Fair Tariffs** - Any new legislation around EV charging should require utilities to employ accurate, cost-compensatory tariffs for new, third-party charging in order to avoid cost shifts. Load from EV charging is significant in magnitude and has the potential to impact utility costs as well as management of the distribution grid. Currently, applicable utility tariffs may not accurately reflect the costs incurred by the utility in serving the potentially high demand and comparatively low energy sales that EV charging can represent. Utilities should be permitted to send appropriate price signals to EV station owners to ensure that peak demand impacts can be appropriately mitigated and that increased costs due to installation of privately-owned EV charging stations are not shifted to Vermont ratepayers as a whole.
- 3) **Avoid Costly Billing Changes Due to Tax Collection and Efficiency Charge Changes** - The proposal to have the State's distribution utilities collect transportation taxes and a new transportation efficiency fee from EV charging would have significant cost implications that should be avoided. While utilities are responsible for collecting the energy efficiency charge on all metered kWh and the gross receipts tax (which is embedded in utility rates and not collected on a per kWh basis), utility billing systems are not



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set up to assess taxes and fees on a *single end use*, such as an EV. Establishing a system for isolating EV charging and assessing a tax or new fee on this portion of a customer's electric bill would add significant complexity to utility billing, particularly where charging load is not separately metered. The metering and billing infrastructure that would need to be put in place to do so would almost certainly exceed the revenue collected, especially in the early years. For instance, a \$.01/kWh fee assessed on EV charging for the 2,900 electric vehicles and plug-in hybrid EVs currently registered in Vermont would generate less than \$90,000 in annual revenue. Modifications to billing software for the State's 17 utilities to accommodate this change would cost significantly more than that.

Regarding a new transportation efficiency fee, it would perhaps be less complicated to continue to assess the current energy efficiency charge on all kWh sales as we do today and ensure that an appropriate portion of transportation-related efficiency charges are dedicated to relevant purposes such as reducing the upfront cost of EVs for Vermonters and supporting electric bus deployment. It is not clear that there is a commensurate benefit to justify the cost of utility billing system modifications, or that alternatives to collecting revenue for the Transportation Fund have been adequately explored. We are collectively engaging on this topic with the Public Utility Commission in a current proceeding and believe that proceeding should be permitted to continue to completion prior to undertaking these types of significant changes to utility billing.

The municipal utilities appreciate the Legislature's support of electric transportation, and your attention to the concerns we have outlined regarding changes to EV charging being contemplated. We would be pleased to provide additional information or answer any questions at your convenience.

Thank you,

Melissa Bailey
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Vermont Public Power Supply Authority